

Contract No. \_\_\_\_\_

4. PRODUCER'S OBLIGATIONS.

- (a) All hogs delivered hereunder shall be top quality, healthy and wholesome. Producer must have in place a genetic program capable of producing lean, uniform sorted hogs that consistently meet Hormel Foods requirements.
- (b) Producer must have Hormel Foods' approved facilities to farrow and finish hogs year round. All hogs delivered hereunder from week to week must be uniform in size and numbers, and sold on Hormel Foods' Grade & Yield Buying Program. Producer agrees to work with Hormel Foods to schedule hogs for delivery to market at a day and time that is prearranged by the parties, but at the direction of Hormel Foods.

The undersigned Producer hereby estimates that it will supply the following quantity of hogs to Hormel Foods under this program:

\_\_\_\_\_ hogs per week

This number can be changed from time to time during the term of this Agreement by the mutual consent of the parties. Any change to this number shall be confirmed in writing.

- (c) In addition, Producer agrees to sell to Hormel Foods the balance of its butcher hogs produced in the units furnishing the contracted hogs indicated in paragraph 4.(b). All such hogs must meet Hormel Foods' quality requirements as outlined in paragraph 3.(b) and shall be sold at the Hormel Foods daily quoted Grade & Yield market price in effect upon purchase.

The undersigned Producer estimates this additional quantity of hogs to be:

\_\_\_\_\_ hogs per week

- (d) Producer's hogs must be supervised by a licensed veterinarian and Producer must properly use any applicable drugs and adhere to required withdrawal procedures thereto. Producer must be on the Pork Quality Assurance Program, a HACCP program of America's Pork Producers. Producer must be at Level III of such Program or obtain Level III of such Program within six months of the date of this Agreement.
- (e) Producer must use an approved feeding program and Hormel Foods may inspect Producer's hogs and facilities during reasonable business hours on reasonable notice to Producer. The use of Hormel Foods' feed is not required, but the Producer agrees to listen objectively to Hormel Foods' feed presentations.
- (f) Producer must at all times be able to demonstrate its financial soundness to Hormel Foods and to provide evidence thereof upon the request of Hormel Foods. Producer must demonstrate at all times the ability to produce hogs in the quantity and of the quality required during the term of this Agreement. Hormel Foods shall have access to cost and financial records of Producer under this Agreement subject to reasonable notice from Hormel Foods to inspect during normal business hours. Producer must also use an approved cost and recordkeeping system.